

# CPP ANNUAL USE OF CAPITAL SURVEY - 2010



NAME OF INSTITUTION

(Include Holding Company Where Applicable)

Synovus Financial Corp.

Point of Contact:	Mark Holladay	RSSD: (For Bank Holding Companies)	1078846
UST Sequence Number:	100	Docket Number: (For Thrift Holding Companies)	
CPP/CDCI Funds Received:	967,870,000	FDIC Certificate Number: (For Depository Institutions)	
CPP/CDCI Funds Repaid to Date:		Credit Union Charter Number: (For Credit Unions)	
Date Funded (first funding):	December 19, 2008	City:	Columbus
Date Repaid <sup>1</sup> :		State:	Georgia

<sup>1</sup>If repayment was incremental, please enter the most recent repayment date.

American taxpayers are quite interested in knowing how banks have used the money that Treasury has invested under the Capital Purchase Program (CPP) and Community Development Capital Initiative (CDCI). To answer that question, Treasury is seeking responses that describe generally how the CPP/CDCI investment has affected the operation of your business. We understand that once received, the cash associated with TARP funding is indistinguishable from other cash sources, unless the funds were segregated, and therefore it may not be feasible to identify precisely how the CPP/CDCI investment was deployed or how many CPP/CDCI dollars were allocated to each use. Nevertheless, we ask you to provide as much information as you can about how you have used the capital Treasury has provided, and how your uses of that capital have changed over time. Treasury will be pairing this survey with a summary of certain balance sheet and other financial data from your institution's regulatory filings, so to the extent you find it helpful to do so, please feel free to refer to your institution's quarterly call reports to illustrate your answers. This is your opportunity to speak to the taxpayers in your own words, which will be posted on our website.

**What specific ways did your institution utilize CPP/CDCI capital? Check all that apply and elaborate as appropriate, especially if the uses have shifted over time. Your responses should reflect actions taken over the past year (or for the portion of the year in which CPP/CDCI funds were outstanding).**

☒ **Increase lending or reduce lending less than otherwise would have occurred.**

The CPP investment helped support lending. Total loans net of unearned income decreased by 15%, however, Synovus was able to meet qualified loan demand in its markets. The new and renewed loan volume for 2010 was \$11.1 billion.

☐ **To the extent the funds supported increased lending, please describe the major type of loans, if possible (residential mortgage loans, commercial mortgage loans, small business loans, etc.).**

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☐ Increase securities purchased (ABS, MBS, etc.).

☐ Make other investments.

☐ Increase reserves for non-performing assets.

☒ Reduce borrowings.

The CPP investment provided \$968 million of additional capital which reduced borrowing needs to support the banking franchise.

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☒ **Increase charge-offs.**

During 2010 Synovus experienced a higher level of charge-offs due to an accelerated problem loan disposition strategy. This allowed the company to reduce its non-performing assets ratio. The net charge-off ratio increased by 45 basis points in 2010 compared to 2009 to a ratio of 5.82%

☐ **Purchase another financial institution or purchase assets from another financial institution.**

☐ **Held as non-leveraged increase to total capital.**

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### What actions were you able to avoid because of the capital infusion of CPP/CDCI funds?

Synovus Financial Corp. was able to avoid a loss of consumer confidence in our depository institution. A loss of confidence could have led to a liquidity crisis if capital levels had not been adequate. Capital levels were impacted by increased credit losses and reserve levels in 2009 and 2010. Synovus was able to avoid a mandatory reduction of existing loan commitments and avoid refraining from originating new loans as a capital preservation measure.

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### What actions were you able to take that you may not have taken without the capital infusion of CPP/CDCI funds?

Synovus has had two successful capital raises subsequent to the CPP capital infusion totaling approximately \$1.57 billion which further strengthened our financial position. Without the initial capital injection management believes that our ability to raise this level of additional capital would have been negatively impacted. The Tier One Common Equity Ratio for 2010 was 8.63% compared to 6.66% in 2009. The capital provided from the CPP program along with the additional capital raised has also allowed the company to aggressively address and dispose of problem assets. Our company was able to reduce its non-performing asset ratio by 131 basis points during 2010

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Please describe any other actions that you were able to undertake with the capital infusion of CPP/CDCI funds.

N/A